

REVISED:

To show Internal Audit Report - on letterhead.

Michigan Department of Treasury  
496 (2-04)

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Ingersoll Township</b>	County <b>Midland</b>
Audit Date <b>6/30/05</b>	Opinion Date <b>11/16/05</b>	Date Accountant Report Submitted to State <b>12/30/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below:


- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

**Burnside & Lang, P.C.**

Street Address <b>5915 Eastman Avenue, Suite 100</b>	City <b>Midland</b>	State <b>MI</b>	ZIP <b>48640</b>
Accountant Signature 		Date <b>12/30/05</b>	

**INGERSOLL TOWNSHIP**  
**MIDLAND COUNTY, MICHIGAN**  
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**FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2005**

INGERSOLL TOWNSHIP  
BOARD OF TRUSTEES

Curtis Shaffner

Supervisor

Nancy Dashiell

Treasurer

Mary Ellen Keel

Clerk

Daniel Cline

Trustee

Charles W. Tabb

Trustee

POPULATION-2000  
3,018

STATE EQUALIZED VALUATION-2004  
\$84,670,400

STATE TAXABLE VALUE-2004  
\$68,505,044

**INGERSOLL TOWNSHIP  
MIDLAND COUNTY, MICHIGAN  
AUDITED FINANCIAL STATEMENTS  
June 30, 2005**

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**Independent Auditors' Report**

Members of The Township  
Board of Trustees  
Ingersoll Township  
Midland County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ingersoll Township (the "Township"), Midland County, Michigan, as of and for the year ended June 30, 2005 which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ingersoll Township, Midland County, Michigan, as of June 30, 2005, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 3 and 19, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Midland, Michigan  
November 16, 2005

## **Management's Discussion and Analysis**

As the Township Board of Ingersoll Township, we offer readers of the township's financial statements this narrative overview and analysis of the financial activities of Ingersoll Township for the fiscal year ended June 30, 2005.

### **Financial Highlights**

- The assets of Ingersoll Township exceeded its liabilities at the close of the most recent fiscal year by \$920,931 (net assets). Of this amount, \$443,582 (unrestricted net assets) may be used to meet the township's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Ingersoll Township's governmental funds reported combined ending fund balances of \$565,966, an \$103,732 increase in comparison with the prior year. Of the total amount, \$554,087, is available for spending at the township's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$435,183, or 185 percent of total general fund expenditures.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Ingersoll Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements are designed to provide readers with a broad overview of the Township's finances. Statement of net assets presents information on all of the Township's assets and liabilities and the statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year.

The government-wide financial statements can be found on pages 4-5 of this report.

Ingersoll Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Ingersoll Township maintains two individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund and solid waste fund which are considered to be major funds.

The Township adopts an annual appropriated budget for its general fund and solid waste fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Ingersoll Township maintains two fiduciary funds, the Tax Collection fund, and the McKinley Woods Association fund, which is used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds not available to support the Township's own programs.

The basic fiduciary fund financial statements can be found on page 10 of this report.

#### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-18 of this report.

#### **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State-shared revenues are expected to decrease in the 2005-2006 fiscal year. The Township budgeted for a decrease in state-shared revenue, but additional cuts have already been made and more cuts are expected before the end of the fiscal year. The Township's millage rate remained at the previous years millage rate of 1.1704 mills for general operating purposes. These factors were considered in preparing the Township's budget for the 2005-2006 fiscal year.

#### **Request for Information**

This financial report is designed to provide a general overview of Ingersoll Township's finances for all those with an interest in the township's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Clerk of Ingersoll Township, 4183 S. Smith Crossing Road, Freeland, MI 48623, or phone (989) 695-5200.

**INGERSOLL TOWNSHIP**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**June 30, 2005**

**ASSETS**

Cash and cash equivalents	\$ 543,798
Other receivables	98
Due from other governmental units	30,876
Other current assets	11,879
Capital assets:	
Land and improvements, net	181,601
Buildings and improvements, net	132,915
Equipment, net	43,929
Total capital assets	<u>358,445</u>
<b>Total assets</b>	<b><u>945,096</u></b>

**LIABILITIES**

Accounts payable	20,685
Portion due or payable within one year:	
Bonds and contracts payable	<u>3,480</u>
<b>Total liabilities</b>	<b><u>24,165</u></b>

**NET ASSETS**

Invested in capital assets, net of related debt	358,445
Restricted for:	
Sanitation	118,904
Unrestricted	443,582
<b>Total net assets</b>	<b><u>\$ 920,931</u></b>

The accompanying notes are an integral part of these financial statements.



**INGERSOLL TOWNSHIP**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2005**

Activities:	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General Government:					
Township board	\$ 15,808	\$ -	\$ -	\$ -	\$ (15,808)
Supervisor	12,335	-	-	-	(12,335)
Treasurer	26,312	-	-	-	(26,312)
Assessing	17,602	-	-	-	(17,602)
Clerk	26,285	-	-	-	(26,285)
Board of review	1,588	-	-	-	(1,588)
Buildings and grounds	24,822	10,900	-	-	(13,922)
All other general government	8,395	-	-	-	(8,395)
Fire protection	18,590	-	-	-	(18,590)
Building inspection and regulation activities	14,741	13,508	-	-	(1,233)
Cemetery	13,114	-	-	-	(13,114)
Roads	33,252	-	-	-	(33,252)
Street lights	2,378	-	-	-	(2,378)
Sanitation, solid waste	119,976	125,418	-	-	5,442
Planning and zoning	10,563	-	-	-	(10,563)
Library	14,986	-	-	-	(14,986)
Interest charges	322	-	-	-	(322)
<b>Total governmental activities</b>	<b>\$ 361,069</b>	<b>\$ 149,826</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(211,243)</b>
General revenues:					
Property taxes, levied for general purposes					86,192
Property tax agreement with the City of Midland					722
State revenue sharing					203,845
Interest earnings					5,422
Miscellaneous					10,753
Total general revenues					306,934
Change in net assets					95,691
Net assets-beginning					825,240
<b>Net assets-ending</b>					<b>\$ 920,931</b>

The accompanying notes are an integral part of these financial statements.

**INGERSOLL TOWNSHIP**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**June 30, 2005**

	<u>General Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 410,661	\$ 133,137	\$ 543,798
Due from other funds	98	-	98
Due from other governmental units	30,876	-	30,876
Prepaid items	11,879	-	11,879
<b>Total assets</b>	<b><u>\$ 453,514</u></b>	<b><u>\$ 133,137</u></b>	<b><u>\$ 586,651</u></b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 6,452	\$ 14,233	\$ 20,685
Total liabilities	<u>6,452</u>	<u>14,233</u>	<u>20,685</u>
<b>Fund Equity:</b>			
Fund balance:			
Reserved for prepaid expenditures	11,879	-	11,879
Unreserved and undesignated	435,183	118,904	554,087
Total fund balances	<u>447,062</u>	<u>118,904</u>	<u>565,966</u>
<b>Total liabilities and fund equity</b>	<b><u>\$ 453,514</u></b>	<b><u>\$ 133,137</u></b>	<b><u>\$ 586,651</u></b>

The accompanying notes are an integral part of these financial statements.

**INGERSOLL TOWNSHIP**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2005**

Total fund balances for governmental funds (Exhibit 4)	\$	565,966
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Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and improvements	\$	181,601	
Buildings and improvements		132,915	
Equipment		43,929	
Total capital assets			358,445

Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

Balances at June 30, 2005 are:

Waite Debolt Drain assessment payable to Midland County	\$	(3,480)	
			(3,480)

Total net assets of governmental activities (Exhibit 2)	\$	920,931
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The accompanying notes are an integral part of these financial statements.

**INGERSOLL TOWNSHIP**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES**  
**For the Year Ended June 30, 2005**

	<u>General Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Property taxes	\$ 86,914	\$ -	\$ 86,914
Licenses and permits	19,008	-	19,008
State aid	203,845	-	203,845
Interest and dividends	5,422	1,546	6,968
Rents and royalties	10,900	-	10,900
Fines and forfeits	3,828	-	3,828
Sale of assets	1,200	-	1,200
Miscellaneous	225	123,872	124,097
<b>Total revenues</b>	<u><b>331,342</b></u>	<u><b>125,418</b></u>	<u><b>456,760</b></u>
<b>EXPENDITURES</b>			
General Government:			
Township board	15,808	-	15,808
Supervisor	11,986	-	11,986
Treasurer	25,600	-	25,600
Assessing	17,063	-	17,063
Clerk	25,319	-	25,319
Board of review	1,588	-	1,588
Buildings and grounds	17,019	-	17,019
All other general government	8,115	-	8,115
Public Safety:			
Fire protection	18,590	-	18,590
Building inspection and regulation activities	14,741	-	14,741
Public Works:			
Cemetery	12,242	-	12,242
Roads and drains	33,252	-	33,252
Landfill	1,628	118,348	119,976
Street lights	2,378	-	2,378
Community Development:			
Planning and zoning	10,563	-	10,563
Recreation and Culture:			
Library	14,986	-	14,986
Debt Service	3,802	-	3,802
Total expenditures	<u>234,680</u>	<u>118,348</u>	<u>353,028</u>
Excess (deficiency) of revenues over expenditures	<u>96,662</u>	<u>7,070</u>	<u>103,732</u>
Fund balances-beginning	<u>350,400</u>	<u>111,834</u>	<u>462,234</u>
<b>Fund balances-ending</b>	<u><b>\$ 447,062</b></u>	<u><b>\$ 118,904</b></u>	<u><b>\$ 565,966</b></u>

The accompanying notes are an integral part of these financial statements.

**INGERSOLL TOWNSHIP  
RECONCILIATION OF THE STATEMENT OF REVENUE,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
June 30, 2005**

Net change in fund balances - total governmental funds (Exhibit 5)	\$	103,732
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$0) exceeded depreciation (\$11,521) in the current period.		(11,521)
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Bond proceeds and capital leases are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Repayments:

Payable to Midland County - drain commission	3,480	3,480
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Change in net assets of governmental activities (Exhibit 3)	\$	95,691
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The accompanying notes are an integral part of these financial statements.

**INGERSOLL TOWNSHIP**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**June 30, 2005**

	<u><b>Tax Collection</b></u>	<u><b>McKinley Woods</b></u>	<u><b>Agency Funds</b></u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 97	\$ 203	\$ 300
Total assets	<u>97</u>	<u>203</u>	<u>300</u>
<b>LIABILITIES</b>			
Due to others	-	203	203
Due to other funds	<u>97</u>	<u>          </u>	<u>97</u>
Total liabilities	<u>97</u>	<u>203</u>	<u>300</u>
<b>NET ASSETS</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

**INGERSOLL TOWNSHIP  
MIDLAND COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

**A. Reporting Entity**

The Township is governed by an elected five-member board. The accompanying financial statements present the Township operations for which the government is considered to be financially accountable. The Township has no component units and is not responsible for any jointly governed organizations.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contribution that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**INGERSOLL TOWNSHIP  
MIDLAND COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgements are recorded only when payment is due.

The Township property tax is levied each December 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31<sup>st</sup>. Although the Township 2004 ad valorem tax is levied and collectible on December 1, 2004, it is the Township's policy to recognize revenue from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

The 2004 taxable valuation of the Township totaled \$68,505,044, on which ad valorem taxes levied consisted of 1.1991 mills for Township operating purposes. This amount is recognized in the General Fund as current tax revenue.

The government reports the following major funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Sanitation Fund accounts for providing garbage and rubbish collection financed by an annual special assessment.

Additionally, the government reports the following fund type:

The Current Tax Collection Fund is used to account for resources held by the Township in a purely custodial capacity. Money in this fund is from current tax and special assessment collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

The McKinley Woods Fund is a general agency fund used to collect money from private property owners and pay for services.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.



**INGERSOLL TOWNSHIP  
MIDLAND COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)**

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

**D. Assets, Liabilities, and Net Assets**

Bank Deposits and Investments—Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables—In general, outstanding balances between funds are reported as “due to/from other funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

Prepaid Items—Certain payments to vendors reflect cost applicable to future years and are recorded as prepaid items in the government-wide and fund statements.

Capital Assets—Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	10 to 40 years
Building improvements	10 to 30 years
Hall equipment	5 to 30 years
Office equipment	5 to 30 years
Computer equipment	5 years

**INGERSOLL TOWNSHIP  
MIDLAND COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Assets (Continued)**

Long-Term Obligations—In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the debt service funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund, function, department or activity, and line items. The legal level of budgetary control adopted by the governing body is the department or activity level.

**NOTE 3. DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers acceptances of United States banks' commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

**INGERSOLL TOWNSHIP  
MIDLAND COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005**

**NOTE 3. DEPOSITS AND INVESTMENTS (Continued)**

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<b>Governmental Activities</b>	<b>Fiduciary Funds</b>	<b>Total</b>
Cash and cash equivalents	\$ 543,798	\$ 300	\$ 544,098

The breakdown between deposits and investments is as follows:

Bank Deposits (checking and savings, certificate of deposit)	\$ 544,098
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The bank balance of the government deposits is \$544,098, of which \$258,058 is covered by federal deposit insurance

**NOTE 4. CAPITAL ASSETS**

Capital asset activity of the Township for the current year was as follows:

<b>Governmental Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 181,601	\$ -	\$ -	\$ 181,601
Capital Assets Being Depreciated				
Buildings	217,089	-	-	217,089
Equipment – Township	102,467	-	-	102,467
Subtotal	319,556	-	-	319,556
Less Accumulated Depreciation for				
Buildings	79,968	4,206	-	84,174
Equipment – Township	51,223	7,315	-	58,538
Subtotal	131,191	11,521	-	142,712
Net Capital Assets Being Depreciated	188,365	(11,521)	-	176,844
Governmental Activities Capital Assets–Net of Depreciation	\$ 369,966	\$ (11,521)	\$ -	\$ 358,445

**INGERSOLL TOWNSHIP  
MIDLAND COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005**

**NOTE 4. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to programs of the Township as follows:

General government:	
Supervisor	\$ 349
Treasurer	712
Assessing	539
Clerk	966
Buildings and grounds	7,803
All other general government	280
Cemetery	872
	<u>\$ 11,521</u>

**NOTE 5. INTERFUND RECEIVABLES AND PAYABLES**

The amount of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 98	Tax	\$ 98
<b>Total</b>	<u><u>\$ 98</u></u>	<b>Total</b>	<u><u>\$ 98</u></u>

**NOTE 6. LONG-TERM DEBT**

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties that directly benefitted from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

**INGERSOLL TOWNSHIP  
MIDLAND COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005**

**NOTE 6. LONG-TERM DEBT (Continued)**

Bond and contractual obligation activity can be summarized as follows:

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Waite Debolt Drain, assessment payable to Midland County. The principal amount issued at July 1, 2001 was \$17,400, with an interest rate of 4.19% and will be paid off in the year ending June 30, 2006.	<u>\$ 6,960</u>	<u>-</u>	<u>\$ 3,480</u>	<u>\$ 3,480</u>

**NOTE 8. RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers compensation). The Township has purchased commercial insurance for these types of claims. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

**NOTE 9. PENSION PLAN**

The Township provides pension benefits to members of the Township Board of Trustees, constables, building inspector, fire chief and custodian through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Township contributes 7% of employee gross earnings and the employee contributes 7% of earnings. In accordance with these requirements, the Township contributed \$4,506 during the current year and employees contributed \$4,506.

**INGERSOLL TOWNSHIP  
MIDLAND COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005**

**NOTE 10. URBAN COOPERATION ACT AGREEMENT**

The Township has agreements with the City of Midland under the Urban Cooperation Act, which require these two units of government to share property taxes collected on real property annexed by the City of Midland and formerly within Ingersoll Township. Under the agreements, the City of Midland is required to pay the Township a portion of ad valorem property taxes levied on the related real property as of the date specified in the agreements and indexed by the rate of inflation for succeeding years.

**INGERSOLL TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2005**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 88,535	\$ 88,535	\$ 86,914	\$ (1,621)
Licenses and permits	20,183	20,183	19,008	(1,175)
State aid	206,700	206,700	203,845	(2,855)
Interest and dividends	3,855	3,855	5,422	1,567
Rents and royalties	8,200	8,200	10,900	2,700
Fire Run Reimbursements	1,000	1,000	3,828	2,828
Sale of assets	2,000	2,000	1,200	(800)
Miscellaneous	1,360	1,360	225	(1,135)
<b>Total revenues</b>	<b>331,833</b>	<b>331,833</b>	<b>331,342</b>	<b>(491)</b>
<b>EXPENDITURES</b>				
General Government:				
Towship board	18,479	18,479	15,808	2,671
Supervisor	13,968	13,968	11,986	1,982
Treasurer	29,715	29,715	25,600	4,115
Assessing	17,750	17,750	17,063	687
Clerk	28,892	28,892	25,319	3,573
Board of review	1,870	1,870	1,588	282
Buildings and grounds	27,565	27,565	17,019	10,546
All other general government	16,570	16,570	8,115	8,455
Public Safety:				
Fire protection	19,600	19,600	18,590	1,010
Building inspection and regulation activities	16,919	16,919	14,741	2,178
Public Works:				
Cemetery	26,150	26,150	12,242	13,908
Roads	56,940	56,940	33,252	23,688
Landfill	2,127	2,127	1,628	499
Street lights	2,575	2,575	2,378	197
Community Development:				
Planning and zoning	14,060	14,060	10,563	3,497
Recreation and Culture:				
Library	16,000	16,000	14,986	1,014
Contingency fund	18,453	18,453	-	18,453
Debt Service	4,200	4,200	3,802	398
<b>Total expenditures</b>	<b>331,833</b>	<b>331,833</b>	<b>234,680</b>	<b>97,153</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>96,662</b>	<b>96,662</b>
Fund balances-beginning	350,400	350,400	350,400	-
<b>Fund balances-ending</b>	<b>\$ 350,400</b>	<b>\$ 350,400</b>	<b>\$ 447,062</b>	<b>\$ 96,662</b>